

Message Text

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46

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

H-03 PRS-01 PA-03 USIA-15 INT-08 AGR-20 RSR-01 /188 W

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R 231512Z JUL 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 4785

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION BERLIN

AMCONSUL MUNICH

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: PFOR, ETRD, CZ, UR, COMECON

SUBJECT: SHIFT IN CZECHOSLOVAK FOREIGN TRADE

1. ARTICLE BY FOREIGN TRADE MINISTER BARCAK IN "RUDE PRAVO," JULY 23 REVEALS THAT DURING FIRST SIX MONTHS OF 1973, CZECHOSLOVAK TRADE WITH CAPITALIST COUNTRIES INCREASED SIGNIFICANTLY MORE THAN DID TRADE WITH SOCIALIST COUNTRIES.

2. BARCAK SAYS THAT DURING FIRST HALF-YEAR, 50 PERCENT OF ANNUAL EXPORT PLAN WAS FULFILLED IN EXPORTS BOTH TO SOCIALIST STATES AND TO WEST. HOWEVER, WHILE OVERALL EXPORTS IN FIRST HALF 1973 WERE 8.9 PERCENT ABOVE FIRST HALF 1972, EXPORTS TO
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CAPITALIST COUNTRIES ROSE BY 14.4 PERCENT. TOTAL

EXPORTS OF ENGINEERING PRODUCTS ROSE 10.6 PERCENT OVER FIRST HALF 1972, BUT ENGINEERING EXPORTS TO CAPITALIST COUNTRIES ROSE 21.5 PERCENT. OVERALL IMPORTS IN FIRST HALF 1973 ROSE 12.8 PERCENT OVER FIRST HALF 1972, BUT IMPORTS FROM CAPITALIST COUNTRIES ROSE 20.5 PERCENT. OF FIGURES BARCAK GAVE, ONLY ENGINEERING IMPORTS SHOW GREATER PERCENTAGE INCREASE IN CASE OF SOCIALIST COUNTRIES (26.9 PERCENT) THAN OVERALL (24 PERCENT).

3. BARCAK FAILS TO INDICATE ANY DISPLEASURE OVER THIS SITUATION. WHILE ARTICLE BEGINS WITH POSITIVE STATEMENT RE INTER-CEMA TRADE, BARCAK ALSO EMPHASIZES TRADE WITH OTHER STATES, SAYING WORST FORMS OF DISCRIMINATION HAVE ALREADY ENDED AND DUTURE TRADE WILL BE ON BASIS MFN, NOT ONLY DE JURE BUT DE FACTO.

4. BARCAK'S FIGURES DO NOT NECESSARILY SIGNIFY LONG-TERM SHIFT, ALTHOUGH FOR SOME TIME WE HAVE BEEN SPECULATING THAT FUTURE MIGHT BRING SUCH A SHIFT IN CZECHOSLOVAK FOREIGN TRADE TOWARD THE WEST, AT EXPENSE OF USSR AND OTHER CEMA PARTNERS. WE RECALL THAT EMBASSY WARSAW HAS ALREADY REPORTED SUCH SHIFT IN POLISH TRADE. MAIN FACTORS IMPELLING CZECHS IN SAME DIRECTION ARE INCREASING INTEREST IN AND AVAILABILITY OF WESTERN TECHNOLOGY AS WELL AS GENERALLY BETTER QUALITY OF WESTERN PRODUCTS, WITH CONCOMITANT LESSENER INTEREST IN LOW-QUALITY SOVIET INDUSTRIAL PRODUCTS. THERE ARE ALSO PROBLEMS RE SOVIET RAW-MATERIAL SUPPLIES TO EAST EUROPEANS. SOVIETS HAVE MADE IT CLEAR, AS PREMIER STROUGAL RECENTLY INDICATED ("RUDE PRAVO," JULY 6), THAT TO OBTAIN INCREASED SOVIET RAW-MATERIAL DELIVERIES EAST EUROPEANS MAY HAVE TO PAY FOR NEW CONSTRUCTION IN SOVIET EXTRACTIVE INDUSTRIES, E.G. CRUDE OIL AND GAS. FINALLY, CZECH SOURCES HAVE INDICATED TO US CONCERN OVER POSSIBILITY THAT INCREASED SOVIET TRADE WITH WEST MIGHT ALSO LESSEN SOVIET INTEREST IN LOWER-QUALITY EE INDUSTRIAL GOODS. SHERER

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